

CONFIDENTIAL

OCE M73-237

MEMORANDUM FOR: Chief, Programs and Budgeting Staff, OC

SUBJECT : Evaluation of MBO System

REFERENCE : OC-M-73-570, dated 15 October 1973

1. It is premature to offer a comprehensive evaluation of the MBO system because a relatively short period of time has elapsed since its adoption, and because the additional work load and frustration encountered by program managers in developing the associated action plans have far overshadowed any tangible benefits realized to date. Most program managers agree, however, that MBO conceptually appears to be a good management tool, and could be most beneficial to all echelons of management once it is properly understood and applied.

2. Based on our experience with MBO and the development of action plans to date, we offer the following observations and suggestions for improvement.

a. Current directives prescribe a bimonthly review of action plan status reports by the DD/M&S. Because of the amount of time required to update the plans; i.e., typing, proofing, artwork, reproduction, and subsequent review at each management level prior to review by the DD/M&S, program managers must begin to update the plans at least two weeks prior to the date of the DD/M&S review. To give the plans the appearance of being current, they are normally dated one week prior to the scheduled DD/M&S review date. Accordingly, program managers are required to predict two weeks in advance what the status of the plan will be on the date indicated on the plan. Should some slippage or change occur between the initial update and the date of the DD/M&S review, the plan must be redone, or the slippage or change, must be indicated and explained on the subsequent plan. Since predicting the status of a plan two weeks in advance involves a high potential for

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mis-judgment or unexpected slippages, it is suggested that the "Date of Status Report" reflect the date on which the program manager completed his update of the plan. The status report would then accurately reflect the status of the plan at that time. We also believe that a bimonthly review of action plans is too frequent and unnecessary, and suggest that the DD/M&S be requested to extend the review schedule from bimonthly to no more than a quarterly basis. This extension of schedule combined with efficiencies in preparing updated plans should result in a reduction in work load and more accurate and realistic action plans.

b. Attempts to achieve uniformity in the appearance of OC action plan status reports presented to the DD/M&S have resulted in more emphasis being placed on form than on content. This disparity could be reduced through use of a better form and improved methods for indicating progress, slippage, etc. The form presently used will not accommodate different typewriter fonts/pitches. The form does not have adequate space for footnotes. The necessity to Xerox additional blank forms as required further complicates production in that the Xeroxed copies are somewhat smaller in size than the original blanks. Achieving the desired quality reproduction of finalized reports, particularly the artwork (shaded areas indicating progress), has posed a significant problem. The Xerox machines available to us in the Ames Building will not consistently reproduce the shading. A new Xerox machine located in the Printing Services Division at Headquarters did provide fairly good quality, but PSD personnel advised that very few Xerox machines will provide the quality reproduction of artwork we are attempting to achieve. To overcome some of these difficulties, it is suggested that OC-P develop a printed form (possibly legal size) which should be compatible with IBM Magnetic Card Selectric Typewriters, and which provides adequate space for footnotes. Since reproduction of shading poses a problem, it is suggested that a different method of indicating progress be adopted; i.e., vertical lines, diagonal lines, horizontal lines, arrows, etc.

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c. There is currently no requirement to provide a narrative with the action plan status report. We feel an accompanying narrative status report would be helpful to OC management. As noted in paragraph b. above, the form does not have adequate space for footnotes, and even footnotes cannot adequately explain a change or slippage. A narrative could more fully explain changes or slippages and would provide a valuable chronology of events over the life of the plan. It is suggested that a brief narrative report be adopted.

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d. Although current procedures provide for indicating progress, slippage, etc., there is no provision for indicating uncertainties or unknowns. It seems unrealistic not to be able to indicate uncertainty, particularly on some of the larger programs covering one or more years. It is, therefore, suggested that a method for indicating an uncertainty or an unknown be adopted. Perhaps a question mark (?) could be used for this purpose.

*Or, cover in
narrative.*

e. Similarly, there appears to be no easy way to change a plan, or if appropriate, to suspend a plan. For example, the present action plan for Secure Voice is incomplete, inaccurate, and not representative of our current thinking. Why then don't we simply update it? The answer is that we are trying to, but this program is much more complex than heretofore recognized. Accordingly, an inter-divisional task force has been working for two months on a master plan for CIA Secure Voice. It will be perhaps 100 pages long, and will define the status of existing systems and program alternatives for future systems. The plan will not be in final form for perhaps a month. Several more weeks will be needed for management review and decisions about the best way to proceed. Then, we can publish a plan we all believe in. In the meantime, the Secure Voice program as defined in the existing action plan is suspended. The reporting system needs the flexibility to permit these major revisions without continually committing ourselves to poorly conceived and planned programs.

f. Detailed action plans should not be provided to the DD/M&S and his staff. As we understand MBO, detailed plans are developed by the program manager, and subsequently, reviewed at the next higher level of management. That level of management then provides plan summaries (and not detailed action plans) to higher echelons of management. The detailed plans are, of course, always maintained and available to any level of management, but are not forwarded routinely. Knowing of the DD/M&S's appetite for details, it may be difficult to dissuade him from requiring the detailed plans, but we suggest it be attempted at an appropriate time.

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g. Since MBO and action plans are here to stay, correlation of action plans with the OC program, budget, and program execution plans in terms of funds and manpower resources should be improved. All funds and personnel resources required to achieve the action plan objective should be clearly identified in the OC program and budget. In turn, action plans should reflect the estimated fund obligations associated with a milestone event, and subsequently, the actual fund expenditures. This would facilitate a more realistic view of the total costs associated with a given program, and enhance our ability to predict the impact of any change in the availability of funds or personnel. Obviously, this will require additional study, but it seems inconsistent to prepare action plans for specific projects, and then prepare budgets and manpower allocation systems and other execution plans all based on different ways to cut the pie.

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h. To partially offset the additional work load associated with the development and maintenance of action plans, we suggest that consideration be given to exempting from quarterly and other periodic reports, all programs covered by action plans.

Good.

i. Our program managers have read all the information provided to us on MBO, and most have seen some of the films on the subject. The guidance and direction we seek is not available from those sources.

We would welcome a briefing by someone at the DD/M&S level who can tell us of the Directorate's expectations for MBO--primarily, what is expected from program managers. We strongly recommend that OC arrange for briefings of all OC program managers.

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discussing MBO*

3. In accordance with paragraph 1.b. of the reference, we are currently reviewing the need for revision of FY-1975 objectives and identifying possible objectives for FY-1976. Our recommendations in this regard will be forwarded in early December.

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Chief, Communications Engineering

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